

**VILLAGE OF FREEPORT
COMMUNITY DEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE INCORPORATED
VILLAGE OF FREEPORT, NEW YORK)
FINANCIAL STATEMENTS
*For the Year Ended August 31, 2020***



**Prepared by:
The Village of Freeport
Community Development Agency**

VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
 FREEPORT, NEW YORK
 (A COMPONENT UNIT OF THE INCORPORATED VILLAGE OF FREEPORT, NEW YORK)
FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2020

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Honorable Mayor Robert T. Kennedy and the Board of Directors
of the Village of Freeport Community Development Agency

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the Village of Freeport Community Development Agency, New York ("the Agency"), a component unit of the Incorporated Village of Freeport, New York, as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinions.

Basis for Qualified Opinion

Government Accounting Standards Board (GASB), Statements No. 68, *Accounting and Financial Reporting for Pensions, an Amendment to GASB Statement 27*, requires a State or Local Government employer to recognize a net pension liability measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period. As more fully disclosed in Notes 1 and 4, the financial statements referred to above do not include the net pension obligation and expense for a new employee due to delayed reporting of employee data to the New York State Local Employees Retirement System and therefore does not meet the requirements of GASB No. 68. The amount by which this departure would affect the deferred outflows, deferred inflows, liabilities, net position, and expenses of the Governmental Activities has not been determined.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion on the net pension liability" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the major fund and the aggregate remaining fund information of the Agency, as of August 31, 2020, in accordance with accounting principles generally accepted in the United States of America.

Other Matters**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit for the year ended August 31, 2020 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements, the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* for the year ended August 31, 2020 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended August 31, 2020 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements for the year ended August 31, 2020.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2021 on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Tabriztchi & Co., CPA, P.C.
Astoria, New York

November 6, 2021

BASIC FINANCIAL STATEMENTS



**VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE INCORPORATED VILLAGE OF FREEPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

INTRODUCTION

The Village of Freeport Community Development Agency ("CDA"), a component unit of the Incorporated Village of Freeport, is a public benefit corporation which was created by New York State Legislation in 2010 under Section 620 of the General Municipal law, as amended by chapter 169 of the laws of 1976. As of and prior to the fiscal year ended February 28, 2010, all activities of the Village of Freeport Community Development Agency were presented under the Incorporated Village of Freeport Community Development Fund, a major special revenue fund of the Incorporated Village of Freeport ("the Village of Freeport"). In 2010, the Village of Freeport Community development Agency was established as a legally independent unit of the Village of Freeport by the New York State Legislature. For the fiscal years ended August 31, 2020 and August 31, 2019, all activities of the Village of Freeport Community Development Agency are presented as the activities of a separate component unit of the Village of Freeport.

The Board of Directors of the CDA consists of the Mayor of the Village of Freeport, who acts as the chairman, and four other Directors who are appointed by the mayor. Also, the Mayor of the Village of Freeport appoints the Executive Director of the CDA who administers the agency.

Mission of the CDA is to engage in Economic Development, Downtown Revitalization, Public Service Programs, and Moderate to Low Income Housing Rehabilitation in the Village of Freeport.

The Agency functions as a key component; a partner, advisor and/or participant in a variety of efforts to improve the quality of life for a diverse community of business owners, stakeholders, and residents. The Agency works to maintain a sustainable, vibrant, safe, walkable, transit-oriented community that renews the spirit of every Freeport resident.

We encourage readers to consider the information presented here in conjunction with the Agency's basic financial statements that follow.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis serve as an introduction to the CDA's basic financial statements.

The CDA's basic financial statements are comprised of three components:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to present a broad overview of the financial position of the CDA in a manner analogous to a private-sector business. These statements consist of the Statement of Net position and the Statement of Activities and are prepared using the economic resources measurement focus and the accrual basis of accounting, as opposed to the modified accrual basis. This means that all the current year's revenues and expenses are included regardless of when cash is received or paid, producing a view of financial position like that presented by most private-sector companies.

The Statement of Net Position consolidates reporting of the CDA's current financial resources with reporting of capital assets, deferred inflows, deferred outflows, and long-term obligations. The net position, which is the difference between the CDA's assets, deferred outflows, deferred inflows, and liabilities, is one measure of the CDA's financial health. In evaluating the net position of the CDA, other non-financial factors affecting the CDA's overall

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health and financial condition should be considered, such as changes in demographics and economic conditions, the condition (i.e., residential and commercial conditions and development requirements).

The Statement of Activities presents the change in net position of the CDA during the most recent fiscal year. All the current year's revenues and expenses are recognized regardless of when cash is received or paid. Some of the reported revenues and expenses will have corresponding cash flows in future fiscal periods (e.g., deferred revenues and earned but not used vacation leave). The Statement of Activities focuses on both the gross and net cost of various activities; the CDA's revenues pay these costs. This statement summarizes the cost of providing (or the subsidy provided by) specific government services and includes all current year revenues and expenses.

In the Statement of Net Position and the Statement of Activities, the activities of CDA are comprised only of Governmental activities for reporting purposes.

Governmental Activities are CDA's basic home and community services including economic development, commercial and residential rehabilitation, public facilities improvement, culture, and recreation. Federal aid and program income from sale of properties or collection of economic development loans finance these activities.

The government-wide financial statements can be found in pages 15 and 16 of this report.

Fund Financial Statements

A 'fund' is a self-balancing accounting entity. The Agency, like other state and local governments, uses fund accounting to ensure and disclose compliance with finance-related laws and regulations. Fund financial statements present financial information in a form familiar to experienced users of governmental financial statements. The CDA has a single governmental fund, the General Fund, as required by the State of New York.

Governmental Fund

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements utilize the modified accrual basis of accounting, which measures cash and other assets that can be readily converted to cash. The CDA has only one fund, its General Fund.

The governmental fund statements provide a detailed short-term view of the CDA's general governmental operations and the basic services it provides. The fund financial statements focus on near-term inflows and outflows of spendable resources and the spendable resources available at the end of the fiscal year for the CDA's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented in governmental funds with similar information presented for governmental activities in government-wide financial statements. There are reconciliations following the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance. These reconciliations explain the difference between the government-wide Statement of Net Position and the governmental fund Balance Sheet, as well as the difference between the government-wide Statement of Activities and the governmental Statement Revenues, Expenditures and Changes in Fund Balance. The basic governmental fund financial statements are presented on pages 17 and 19 of this report.

Notes to the Financial Statements

The notes supply information that is essential to a full understanding of the data in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements, pages 21-43.

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GOVERNMENT-WIDE FINANCIAL ANALYSIS

Financial Highlights

During the year ended August 31, 2020 the CDA's financial conditions improved. The following are the significant elements of the CDA's financial performance for fiscal years ended August 31, 2020 (fiscal year 2019):

- The CDA had total assets of \$167,073 as of August 31, 2020. The assets decreased by \$66,676 (28.5%) from \$233,749 on August 31, 2019. The decrease primarily reflected the reduction in amounts owed to the Village of Freeport of \$66,074.
- The CDA's revenues exceeded its expenses and therefore the net position of governmental activities increased by \$196,836 (21.8%) from a deficit balance of \$903,604 on August 31, 2019 to a deficit balance of \$706,768, on August 31, 2020.
- The CDA's total governmental activities liabilities were \$773,498, on August 31, 2020, which showed a decrease of \$357,123 (31.6%) from \$1,130,621, on August 31, 2019. The decrease in liabilities was primarily the result of a reduction of \$66,074 in amounts owed to the Village of Freeport and the earning of \$166,314 unearned revenues, representing the Community Development Block Grant (CDBG) funds which were advanced for public facilities improvement.

Net position

On August 31, 2020, total assets of the governmental activities were \$167,073, total liabilities were \$773,498 and deferred inflows were \$100,343, resulting in a deficit net position of \$706,768. On August 31, 2019, total assets of the governmental activities were \$233,749, deferred outflows were \$139, while total liabilities were \$1,130,621 and deferred inflows were \$6,871, resulting in a deficit in net position of \$903,604 (Table 1 and Charts 1 and 2). The CDA uses space provided by the Village of Freeport for its operations. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The CDA's net position of governmental activities increased by \$196,836 (21.8%) from a deficit of \$903,604 on August 31, 2019 to a deficit of \$706,768 on August 31, 2020 (Chart 1).

TABLE 1

	Condensed Statement of Net Position		Changes from	
	August 31,	August 31,	August 31, 2019 to 2020	
	2020	2019	Amount	Percent
Assets				
Current assets	\$ 167,073	\$ 233,749	\$ (66,676)	(28.5) %
Total Assets	167,073	233,749	(66,676)	(28.5) %
Deferred Pension outflows		139	(139)	(100) %
Liabilities				
Current liabilities	320,087	554,592	(234,505)	(42.3) %
Long-term liabilities	453,411	576,029	(122,618)	(21.3) %
Total liabilities	773,498	1,130,621	(357,123)	(31.6) %
Deferred OPEB and Pension inflows	100,343	6,871	93,472	1,360.4%
Net position				
Unrestricted	(706,768)	(903,604)	196,836	21.8 %
Total Net position	\$ (706,768)	\$ (903,604)	\$ 196,836	21.8 %

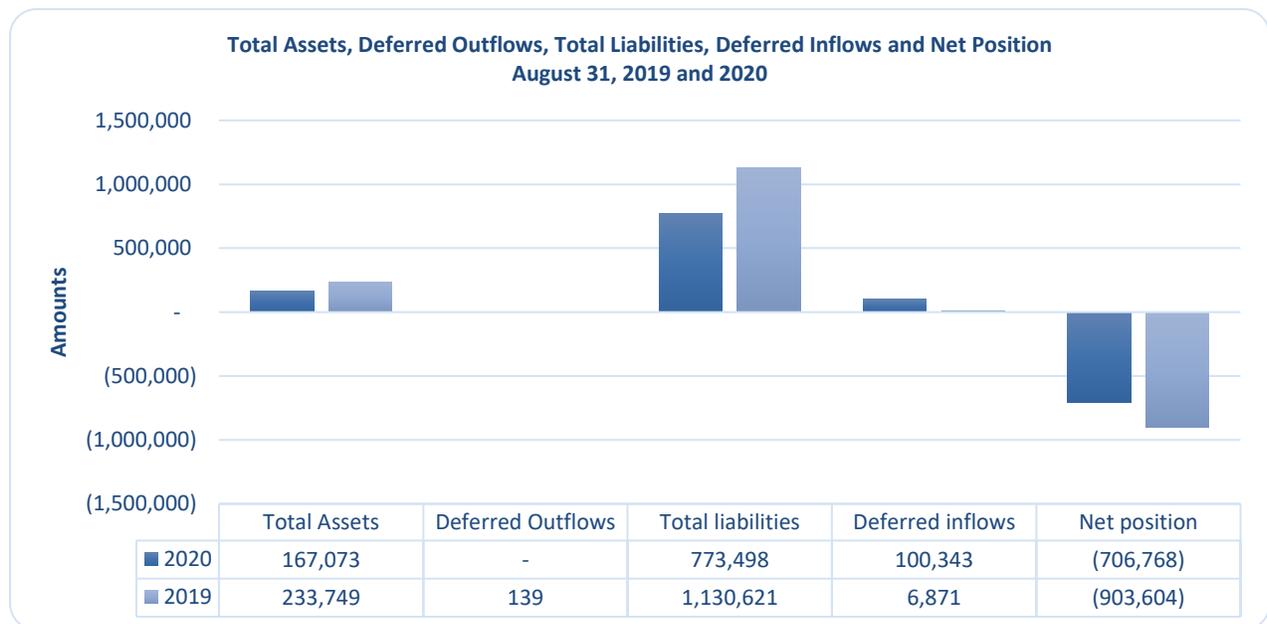
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On August 31, 2020, the assets of the CDA included \$135,140 of cash and \$31,933 of accounts receivable from the County of Nassau, Department of Community Development, for reimbursement of the CDBG amounts expended during the current fiscal year 2019. On August 31, 2019, the assets of the CDA included \$218,129 of cash and \$15,620 of accounts receivable from the County of Nassau, Department of Community Development, for reimbursement of the CDBG amounts expended during the previous fiscal year.

On August 31, 2020, the current liabilities were \$320,087, as compared to the current assets of \$167,073. The long-term liabilities were \$453,411 and \$576,029, on August 31, 2020 and 2019, respectively. The principal components of the current liabilities were the \$312,428 owed to the Village of Freeport. The major long-term liability was the net liability for post-employment healthcare benefits of \$453,411 and \$576,029, on August 31, 2020 and 2019, respectively. The CDA’s policy is to pay as you go, and it does not set aside resources for paying the future post-employment liabilities.

The implementation of Governmental Accounting Standards Board Statement No. 75 increased the net other post-employment (OPEB) liability by \$298,939 from \$345,820 (under Governmental Accounting Standards Statement No. 45) to \$582,454 (under Governmental Accounting Standards Statement 75), as of August 31, 2018.

CHART 1



Changes in Net position

During the fiscal year ended August 31, 2020, total program revenues from operating grants was \$803,376, which showed an increase of \$30,640 (4%) from the previous fiscal year. The total program revenues from operating grants were \$772,736 in fiscal year ended August 31, 2019. The Agency earned \$226,000 from the conveyance of certain property rights; on a property it had transferred to the Village of Freeport during the year ended August 31, 2020.

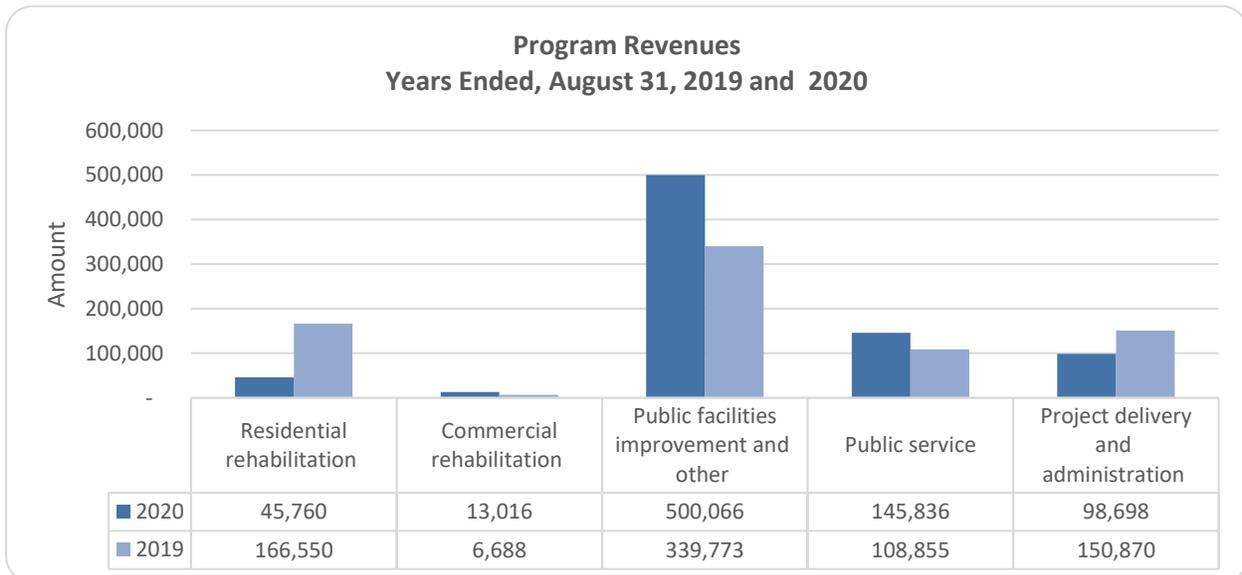
**VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
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TABLE 2

Condensed Staten of Changes in Net Position				
	Years Ending,		Changes From	
	August 31, 2020	August 31 2019	August 31, 2019 to 2018 Amount	Percent
Revenues:				
Operating grants	\$ 803,376	\$ 772,736	\$ 30,640	4.%
Other property revenues	226,000	20,000	206,000	1030.0%
Interest	409	566	(157)	(27.7) %
Total revenues	1,029,785	793,302	236,483	29.8%
Expenses:				
Community development	832,949	840,415	(7,466)	(0.9) %
Increase (decrease) in net position	196,836	(47,113)	243,949	(517.8%)
Net position, beginning	(903,604)	(856,491)	(47,113)	(5.5) %
Net position, ending	\$ (706,768)	\$ (903,604)	\$ 196,836	21.8%

The grant revenues of the CDA. from the Community Development Block Grant for various program years, are expenditure driven. From 2019 to 2020, the changes in component of grant revenues included the increases of \$160,293 (47.2%) in public facilities improvement, \$36,981 (34.0%) in public service offset by decreased of \$120,790 (72.5%) in residential rehabilitation revenues and the decrease of \$52,172 (34.0%) in administration revenues (Table 2 and Chart 2).

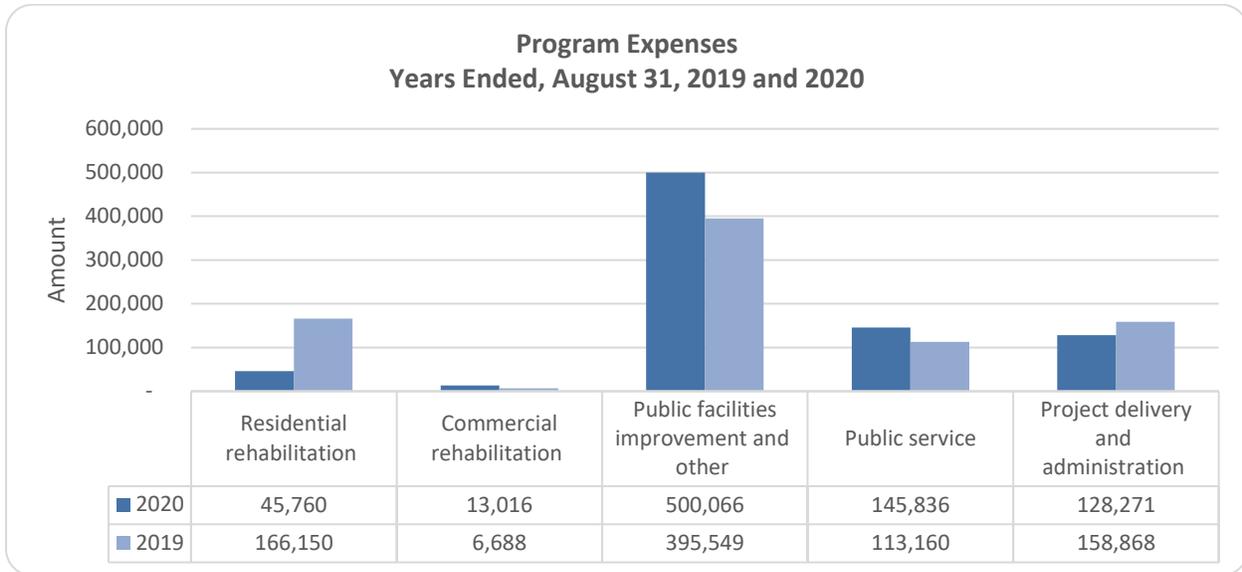
CHART 2



The total expenses decreased by \$7,466 (0.9%), from \$840,415 in during the year ended August 31, 2019 to \$832,949, during the year ended August 31, 2020 (Chart 2). The primary reason for decrease was the reduction of \$120,790 (72.5%) in residential rehabilitation expense as offset by an increase of \$104,517 (26.4%) in in public facilities and improvements expense. (Table 2 and Chart 2).

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CHART 3



During the fiscal year ended August 31, 2020, the residential rehabilitation expenses were \$45,759 for improving two single family homes.

The public service grants mostly range from \$5,000 to \$10,000 and are used to subsidize the operating costs and improve the facilities of the recipient organizations. The public service expenses are primarily to assist nonprofit organizations engaged in providing educational and recreational services for youth and food and shelter for the persons in need. The organizations that have received aid from the CDA has include the following: the Village of Freeport Summer Youth Program, Harvest for The World, Girl Scouts of Nassau County, the Safe Center, The Cedarmore Corporation, Interfaith Nutrition Network, Economic Opportunity Commission of Nassau County and Freeport Our Holy Redeemer Church.

Pension Benefits

The delayed reporting of a new employee data to the New York State and Local Employees' Retirement System (the System) resulted in omission of the employee information from the System's Schedules of Pension Amounts by Employer (the Schedule), for the years ended March 31, 2019 and 2020. Therefore, the Schedules do not include the net pension liability, pension expenses, deferred inflows and outflows related to the new employee joining the System. The Agency has recorded the amounts of net pension liability, deferred inflows and outflows and pension expenses as reflected in the unadjusted System's reports and has expensed its contributions. The impact and materiality of the misstatement for this lack of update and procedure is not determined.

Governmental Fund

General Fund Balance Sheet

Total General Fund assets were \$167,073 on August 31, 2020 as compared to \$233,749 on August 31, 2019. The \$66,676 (28.5%) decrease in assets was primarily the result of reductions of \$82,989 (38.0%) in cash and cash equivalents which were in part expended to reimburse the Village of Freeport for the expenditures of public facilities improvement grant funds.

**VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
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TABLE 4

CONDENSED BALANCE SHEET				
	August 31 2020	August 31 2019	Changes from August 31, 2019 to 2018	
			Amount	Percent
Assets				
Cash and cash equivalents	\$ 135,140	\$ 218,129	\$ (82,989)	(38.0) %
Due from other governments	31,933	15,620	16,313	104.4%
Total Assets	\$ 167,073	\$ 233,749	\$ (66,676)	(28.5) %
Liabilities				
Accounts payable and accrued expenses	\$ 7,659	\$ 9,776	\$ (2,117)	(21.7) %
Unearned revenues	-	166,314	(166,314)	(100) %
Due to Village of freeport	312,428	378,502	(66,074)	(17.5) %
Total liabilities	320,087	554,592	(234,505)	(42.3) %
Fund balance				
Unassigned (deficit)	(153,014)	(320,843)	167,829	52.3%
Total fund balance	(153,014)	(320,843)	167,829	52.3%
Total liabilities and fund balance	\$ 167,073	\$ 233,749	\$ (66,676)	\$ (28.5) %

The current assets of the CDA were \$167,073 as compared to the current liabilities \$320,428 resulting in a fund balance deficit of \$153,014. The amounts of \$312,428 due to the Village of Freeport constitutes the main component of the fund balance deficit.

The total liabilities of the General Fund decreased by \$234,505 (42.3%), from \$554,582, on August 31, 2019 to \$320,087, on August 31, 2020. The decrease in liabilities was primarily due to \$166,314 (100%) decrease in unearned revenues, unexpended CDBG advances, and reimbursement of \$66,074 due to the Village of Freeport.

The total fund balance improved by \$167,829 (52.3%), from a deficit of \$320,843, on August 31, 2019 to a deficit of \$153,014 on August 31, 2020.

General Fund Revenues and Expenses

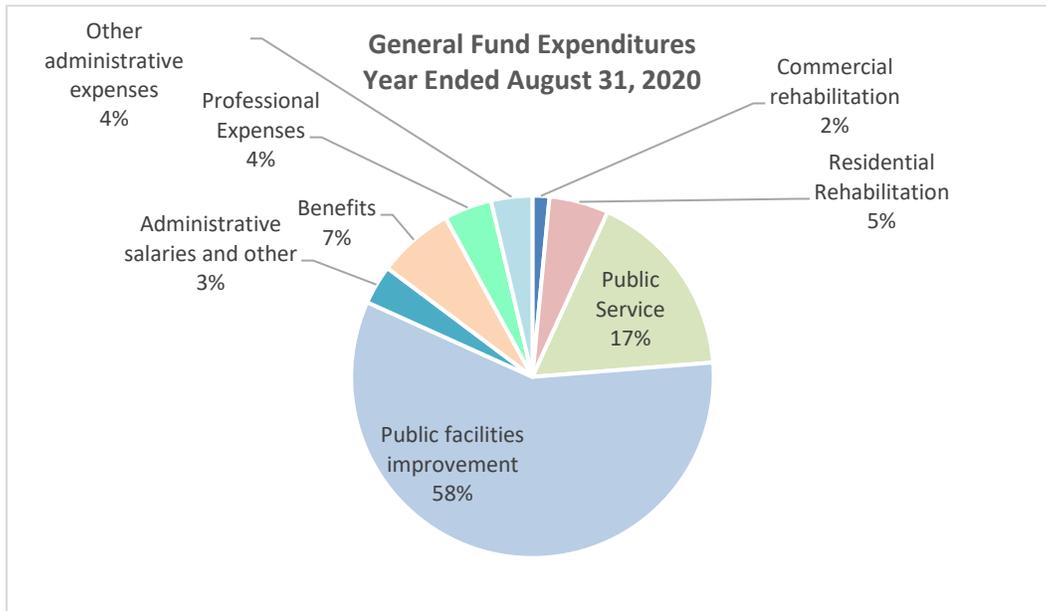
Total revenues increased by \$256,482 (33.2%) from \$773,303, during fiscal year ended August 31, 2019 to \$1,029,785 during fiscal year ended August 31, 2020. The federal grant revenues, which are expenditure driven increased by \$30,639, from \$772,737, in fiscal year ended August 31, 2019 to \$803,376, in 2020. In addition to the CDBG revenues, the CDA had received a \$226,000 from the conveyance of certain property rights from the Village of Freeport, during the year ended August 30, 2020.

**VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
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TABLE 5

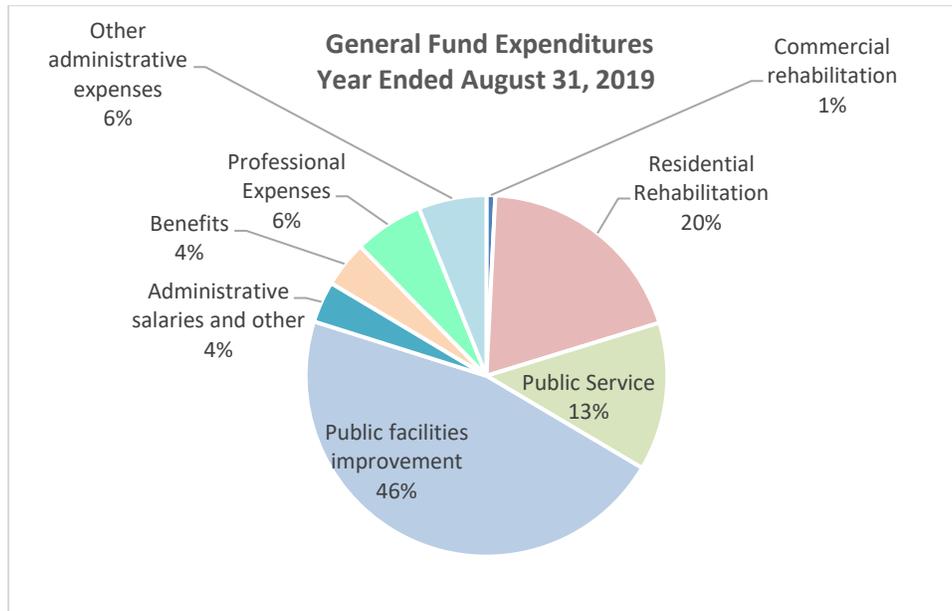
	Years Ending,		Changes From	
	August 31, 2020	August 31, 2019	August 31, 2019 to 2020 Amount	Percent
Revenues:				
Federal Aid	\$ 803,376	\$ 772,737	\$ 30,639	4%
Other	226,409	566	225,843	39,901.6%
Total revenues	1,029,785	773,303	256,482	33.2%
Expenditures				
Commercial Rehabilitation	13,016	6,688	6,328	94.6%
Residential Rehabilitation	45,760	166,150	(120,390)	(72.5) %
Public Service	145,836	113,160	32,676	28.9%
Public facilities improvement	500,066	395,549	104,517	26.4%
Administration and professional	157,278	171,813	(14,535)	(8.5) %
Total expenditures	861,956	853,360	8,596	1.0%
Increase (decrease) in net position	167,829	(80,057)	247,886	(309.6) %
Fund balance, beginning	(320,843)	(240,786)	(80,057)	(33.2%)
Fund balance, ending	\$ (153,014)	\$ (320,843)	\$ 167,829	52.3%

CHART 4



**VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
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CHART 5



During fiscal year ended August 31, 2020, total expenditures increased by \$8,596 (1.0%), primarily due to the increases of \$104,517 (26.4%) in public facilities and improvements expenditures and \$32,676 (28.9%) in public service expenditures, as offset by \$120,790 (72.5%) decrease in residential rehabilitation expenditures. (Table 5 and Chart 4 and 5). During fiscal year ended August 31, 2020, the expenditures for public facilities improvements were \$500,066 which constituted 60% of the total expenditures. These expenditures were primarily for road improvement and drainage and had increased by \$104,517 (26.4%) from the previous year. During fiscal year ended August 31, 2020, the expenditures for residential rehabilitation of two single family homes was \$45,760, down from the previous year amount by 120,390 (72.5%). The Public Service expenditures during fiscal year ended August 31, 2020 were \$145,836 and included the awards to fourteen public service organizations. The expenditure of \$157,278 for project delivery, administration, and professional services showed a decrease of \$14,535, from the previous year, mainly because of lower expenditures for professional services (Charts 4 and 5).

Debt Administration

The only long-term liability of the CDA is the net OPEB obligation of \$453,411, which the Agency will pay on a pay as you go basis. On August 31, 2020, the CDA's main current liability was \$312,428 due to the Village of Freeport.

ECONOMIC FACTORS AND NEXT YEAR'S PLAN

The Village of Freeport is located within the Town of Hempstead and Nassau County on Long Island. As a part of the greater New York City metropolitan area, it is approximately 22 miles east of Midtown Manhattan, and 7 miles east of the Nassau-Queens border. The Village occupies 4.6 square miles along the southern edge of Nassau County, and has its own municipal electric and water utilities, police force, and fire department.

Population

The US Census Bureau estimated the Village of Freeport population at 42,956 in July 2019. From April 1, 2010 to July 1, 2018, the percentage change in the Village population was 0.2% (96 persons) as compared to 1.3% for the Nassau

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County and 0.4% for the State of New York. Freeport has one of the highest residential population densities on Long Island, at 9,261 people per square mile, more than double the average density of Nassau County.

According to July 2019 Survey, the Village population is generally younger than those living in Nassau County and the State of New York. The percentage of population below the age of 65 was 84.4% as compared to 81.8% for Nassau County and 83.10% for the State of New York. The following table for major population groups shows that in 2019 the population was predominantly Hispanic or Latino and African America.

TABLE 6

RACIAL COMPOSITION OF POPULATION			
	<u>Village of Freeport</u>	<u>Nassau County</u>	<u>New York State</u>
African American	30.9%	13.1%	17.6%
Hispanic or Latino,	42.9%	17.5%	19.3%
White (Not Hispanic or Latino)	24.6%	58.5%	55.3%

The US Census data for the period 2014-2018 provides information regarding the number of households, national origin, language education, income, and housing of the population. The number of households was 14,021. The average number of persons per household was 3.04 in the village as compared to 3.02 for Nassau County and 2.63 for New York State.

The Foreign-born population constituted 30.2% of the population in the Village as compared to 22.2% in Nassau County and 22.6% in the State of New York. The percentages of persons 25 years or older with high school a higher degree were 80.8%, 91.2% and 86.5%, for the Village, Nassau County, and the State of New York, respectively. The percentages with bachelor's degree or higher, for persons over 25 years old were 28.7%, 45.2% and 35.9%, for the Village, Nassau County, and the State of New York, respectively.

Per Capita Income

The annual per capita income was \$32,373 as compared to \$49,211 for the Nassau County and \$37,470 for the State of New York. The persons below poverty level were 12.5% of the total population in the Village and 5.8% in Nassau County and 13.0% in the State of New York.

Housing

The Housing characteristics of the Village of Freeport as compared to Nassau County and State of New York are presented in the Table 7.

TABLE 7

HOUSNG CHARACTERISTICS			
2014-2018			
	<u>Village of Freeport</u>	<u>Nassau County</u>	<u>State of New York</u>
Home-ownership rate	67.1%	80.6%	53.9%
Median selected monthly owner costs - with mortgage	\$2,812	\$3,193	\$2,114
Median gross rent	\$1,149	\$1,360	\$1,240
Median value of owner-occupied housing units,	\$ 324,500	\$474,800	\$302,200

**VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE INCORPORATED VILLAGE OF FREEPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Women, Minority and Veteran Business

The 2012 Survey of the US Census Bureau shows the significance of African American, Hispanic and Women owned businesses in the Village:

TABLE 8

Firm Owner	Business Ownership		
	Village of Freeport	Nassau County	New York State
Minority	2,646	44,392	709,021
Nonminority	2,023	113,966	1,248,304
Men owned	2,863	100,751	1,139,910
Women	1,679	48,489	725,709
Veteran	312	11,775	137,532
All firms	4,795	162,528	2,008,988

Unemployment

In August 2020, the Village of Freeport had average unemployment rate of 13.9% was the second highest in the area after the 14.1% for the Village of Hempstead. The unemployment rate Nassau County and 4.7% for the State of New York. The rates of unemployment for the Village of Freeport and other communities are presented in the following table.

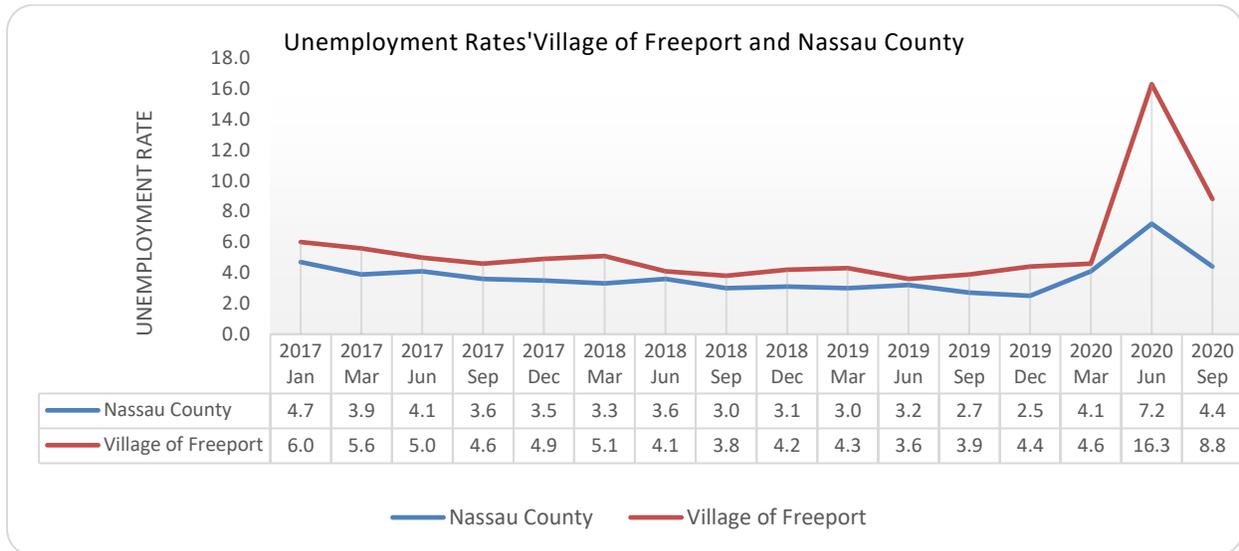
TABLE 9

Village of Freeport and Comparative Areas Unemployment rate, Unemployment, Employment and Labor Force August 2020				
	Unemployment			
	Rate	Unemployment	Employment	Labor Force
New York	12.6%	1,200,119	8,321,532	9,521,651
New York-Newark-Jersey City, NY-NJ-PA Metropolitan Statistical Area	13.0%	1,294,663	8,668,805	9,963,468
Nassau County-Suffolk County, NY Metropolitan Division	10.5%	159,549	1,356,634	1,516,183
New York-Newark, NY-NJ-CT-PA Combined Statistical Area	12.4%	1,460,223	10,341,026	11,801,249
Nassau County, NY	10.7%	77,478	647,461	724,939
Freeport village, NY	13.9%	3,350	20,680	24,030
Hempstead village, NY	14.1%	4,114	25,063	29,177
Long Beach city, NY	9.8%	1,984	18,189	20,173
Rockville Centre village, NY	9.3%	1,170	11,405	12,575
Valley Stream village, NY	13.2%	2,723	17,969	20,692

The Village of Freeport and Nassau County unemployment rates sharply increased in June 2020, because of the business shut down due to COVID-19 pandemic. The unemployment rate has been decreasing since June 2020 (Chart 5).

**VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE INCORPORATED VILLAGE OF FREEPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

CHART 6

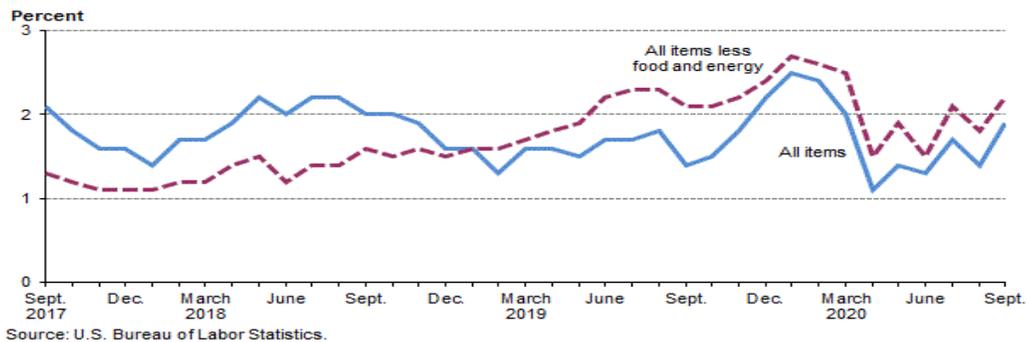


Prices

Prices in the New York-Newark-Jersey City area, as measured by the Consumer Price Index for All Urban Consumers (CPI-U), increased 1.9% over the year ended September 2020 (Chart6). Prices for food at home and for food away from home rose 3.7 percent each. The energy prices decreased 7.2 percent, primarily due to a 16.4% fall in gasoline prices. A 1.0% decline in household energy prices included declines for natural gas (-0.5%) among other items and increases for electricity (2.7%). The index for all items less food and energy rose 2.2 percent. A 1.6% increase in shelter prices included a 2.1% rise in owners’ equivalent rent and a 1.6% increase in residential rent. Recreation prices advanced 6.8%, medical care prices rose 3.6%, and new and used motor vehicles rose 5.8%. A 2.7% rise in prices for tuition, other school fees, and childcare contributed to a 2.4% increase in prices for education and communication.

CHART 7

Annual Percentage Change In CPI-U Consumer Price Index, New York-Newark-Jersey City – September 2017 To September 2020



Contacting the CDA’s Financial Management

This financial report is designed to provide the reader with a general overview of the CDA’s finances and to demonstrate the CDA’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Community Development Agency at (516) 442-4844.

GOVERNMENTWIDE FINANCIAL STATEMENTS



**VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE INCORORATED VILLAGE OF FREEPORT)
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
AUGUST 31, 2020**

Assets	
Cash and cash equivalents	\$ 135,140
Due from other governments	<u>31,933</u>
 Total assets	 167,073
 Deferred outflows	
Deferred pension outflows	-
 Liabilities,	
Accounts payable accrued expenses	3,230
Compensated absences	4,429
Due to Village of Freeport	312,428
Net pension liability (Note 4)	-
Other post-employment benefits (OPEB)	<u>453,411</u>
 Total liabilities	 773,498
 Deferred inflows	
Deferred other postemployment and pension inflows	100,343
 Net position	
Unrestricted (deficit)	<u>(706,768)</u>
 Total net position	 \$ <u><u>(706,768)</u></u>

The notes to the financial statement are an integral part of this financial statement.

**VIALLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE INCORORATED VILLAGE OF FREEPORT)
STATEMENT OF GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2020**

	Expenses	Program Revenues		Net (Expense)
		Charges and Other	Operating Grants	Revenue and Changes in Net position
				Total
Functions/Programs:				
Commercial rehabilitation	\$ 13,016	\$ -	\$ 13,016	\$ -
Residential rehabilitation	45,760	-	45,760	-
Public facilities improvement and other	500,066	-	500,066	-
Public service	145,836	-	145,836	-
Project delivery and administration	128,271	-	98,698	(29,573)
Total	\$ 832,949	-	\$ 803,376	(29,573)
General revenues:				
Income from property		-		226,000
Interest		-		409
Total general revenues				226,409
Change in net position				196,836
Net position – beginning				(903,604)
Net position – end				\$ (706,768)

The notes to the financial statement are an integral part of this financial statement.

BASIC FINANCIAL STATEMENTS: FUND FINANCIAL STATEMENTS



**VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE INCORPORATED VILLAGE OF FREEPORT, NEW YORK)
GOVERNMENTAL FUND BALANCE SHEET
AUGUST 31, 2020**

Assets

Cash and cash equivalents	\$	135,140
Due from other governments		<u>31,933</u>
 Total assets	 \$	 <u><u>167,073</u></u>

Liabilities:

Accounts payable & accrued expenses	\$	3,230
Compensated absences		4,429
Due to Village of Freeport		<u>312,428</u>
 Total liabilities		 320,087

Fund balances:

Unrestricted		
Non-spendable		
Unassigned (Deficit)		<u>(153,014)</u>
 Total fund balance		 <u>(153,014)</u>
 Total liabilities, deferred inflows, and fund balance	 \$	 <u><u>167,073</u></u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
 (A COMPONENT UNIT OF THE INCORPORATED VILLAGE OF FREEPORT, NEW YORK)
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND TO THE STATEMENTS OF NET POSITION
 AUGUST 31, 2020**

Fund balances - total governmental fund	\$ (153,014)
Amounts reported for governmental activities in the statement of net position are different because:	
Deferred inflow of resources resulting from pension obligations are not due and payable in the current period and, therefore, are not reported in governmental funds.	(100,343)
Long-term liabilities, including compensated absences and other post-employment benefits are not due and payable in the current period and, therefore are not reported in the General Fund.	
The net post-employment benefit liability is recorded in the Government-Wide financial statements but not in the fund financial statements	<u>(453,411)</u>
Net position of governmental activities.	<u><u>\$ (706,768)</u></u>

The notes to the financial statement are an integral part of this financial statement.

**VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE INCORPORATED VILLAGE OF FREEPORT, NEW YORK)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE - GOVERNMENTAL FUND
THE YEAR ENDED AUGUST 31, 2020**

Revenues:	
Federal aid	
Revenues from property	\$ 803,376
Other revenues	226,000
Interest	409
	<u>1,029,785</u>
Total revenues	
Expenditures:	
Current:	
Commercial rehabilitation	13,016
Residential rehabilitation	45,760
Public service	145,836
Public facilities improvement and other	500,066
Administrative salaries and taxes	30,114
Benefits	58,682
Professional expenses	36,750
Other administrative expenses	31,732
	<u>861,956</u>
Total expenditures	
Excess of revenues over expenditures	<u>167,829</u>
Changes in fund balance	
Change in fund balance	167,829
Fund balance, beginning:	<u>(320,843)</u>
Fund balance, ending	<u>\$ (153,014)</u>

The notes to the financial statement are an integral part of this financial statement.

**VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
 (A COMPONENT UNIT OF THE INCORPORATED VILLAGE OF FREEPORT, NEW YORK)
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2020**

Net change in fund balances - governmental fund	\$	167,829
Amounts reported for governmental activities in the statement of activities are different because:		
Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Other post-employment benefit expenses		23,273
Compensated absences		
Change in other post-employment benefits		
Net pension expense and net deferred outflow and inflows		<u>5,734</u>
Change in net position of governmental activities	\$	<u>196,836</u>

The notes to the financial statement are an integral part of this financial statement.

**BASIC FINANCIAL STATEMENTS:
NOTES TO FINANCIAL STATEMENTS**



The notes provide a summary of significant accounting policies and other disclosures required for a fair presentation of the basic financial statements.

**VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
(A COMPONENT UNIT OF VILLAGE OF FREEPORT, NEW YORK)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Village of Freeport Community Development Agency (the CDA), a component unit of the Incorporated Village of Freeport (the Village of Freeport), have been prepared in conformity with the generally accepted accounting principles applicable to state and local governmental units as promulgated by the Government Accounting Standards Board (GASB).

The basic financial statements of the CDA include all its funds, which consist only of the General Fund. The financial statements of the CDA have been prepared to conform to the Generally Accepted Accounting Principles as applicable to state and local governments. The Government Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and reporting principles. The more significant accounting principles and reporting practices used by the CDA are described below.

FINANCIAL REPORTING ENTITY

The Village of Freeport Community Development Agency, a component unit of the Village of Freeport, is a public benefit corporation which was created by New York State Legislation in 2010 under Section 620 of the General Municipal Law, as amended by chapter 169 of the laws of 1976. It is organized in the manner prescribed by law and is an independent entity from the Village of Freeport. The Mayor of the Village of Freeport appoints all members of the CDA Board of Directors. The Board of CDA consists of the Village Mayor, who acts as chairman and four other directors. Also, the Mayor of the Village of Freeport appoints the Executive Director of the CDA, who administers the agency.

As of and prior to the fiscal year ended February 28, 2010, all activities of the Village of Freeport Community Development Agency were presented under the Village of Freeport Community Development Fund, a major special revenue fund of the Village of Freeport. In 2010, the Village of Freeport Community Development Agency was established as a legally independent unit of the Village of Freeport by the New York State Legislature.

GASB Statement No. 14, *"The Financial Reporting Entity,"* states that a primary government that appoints a voting majority of an organization's officials and is obligated in some manner for the debt of that organization, is financially accountable for that organization. Based on this criterion, the CDA is considered a discretely presented component unit of the Village of Freeport and is included in their basic financial statements.

In 2018, the CDA changed its fiscal year end from February 28 or 29 to August 31 to coordinate its financial reporting period with the annual Community Development Block Grant funding period.

BASIC FINANCIAL STATEMENTS

In accordance with GASB Statement No. 34, *"Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments,"* the basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (Statement of Net Position and Statement of Activities) report on the Agency excluding fiduciary activities. Governmental activities, which normally are supported by intergovernmental revenues (Primarily Federal aid), are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The Agency has only a single governmental activity. The CDA does not have fiduciary activities and business-type activities.

The government-wide financial statements focus more on the sustainability of the Agency as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

**VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
(A COMPONENT UNIT OF VILLAGE OF FREEPORT, NEW YORK)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

The government-wide Statement of Net position reports all financial and capital resources of the Agency. It is displayed in a format of assets and deferred outflows less liabilities and deferred inflows equal net position, with the assets and liabilities shown in order of their relative liquidity. Net position is required to be displayed in three components: 1) invested in capital assets, net 2) restricted, and 3) unrestricted. Invested in capital assets, net represents capital assets net of accumulated depreciation which is reduced by outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position is those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net position not otherwise classified as restricted are shown as unrestricted.

Generally, the CDA would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the Agency are offset.

Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. In the Statement of Net position, the governmental activities and business activities columns are presented on a consolidated basis in a single column (the CDA has only a single General Fund and does not have any business-type fund), and are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (commercial rehabilitation, residential rehabilitation, public service, public facilities development and project delivery and administration) and the general revenues. The general revenues principally include interest.

The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants and charges for providing services. The program revenues must be directly associated with the functional (home and community, culture and recreation and housing assistance) activity. The operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants. The Agency did not have capital specific grants in the fiscal year ended August 31, 2020.

The net costs, by function, are covered by general revenues and transfers. The general revenues included interest earned on cash and cash equivalents of the CDA.

This government-wide focus is more on the sustainability of the Agency as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

In the fund, financial statements the emphasis is on the major funds. Non-major funds (by category), if any, or fund types are summarized into a single column. The Agency has only a single major fund, the General Fund.

The governmental fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the way the general fund is budgeted. This presentation is deemed most appropriate to (a) demonstrate legal and covenant compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the Agency's actual experience conforms to the fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following each statement, which briefly explains the adjustment necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

In the governmental fund financial statements, fund balance is presented using the following classifications:

**VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
(A COMPONENT UNIT OF VILLAGE OF FREEPORT, NEW YORK)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

Non-spendable fund balance is amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance is amounts that are restricted to specific purposes when constraints placed on the use of resources are either by (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance is amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Directors.

Assigned fund balance is amounts that are constrained by the Agency's intent to be used for specific purposes but are neither restricted nor committed. The Board of Directors has delegated the authority to assign fund balance to the Executive Director.

Unassigned fund balance includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

Pursuant to the Agency's Comprehensive Fund Balance Policy, restricted fund balance is to be spent first when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, committed amounts are reduced first followed by assigned amounts and then unassigned amounts.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized only as they become susceptible to accrual (measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures when payment is due.

Intergovernmental revenues, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual. In applying the susceptible to accrual criteria to intergovernmental revenues (grants and subsidies), eligibility requirements of the individual programs must be met. In general, monies must be expended on a specific purpose or project before any amounts not available are recorded as deferred revenue. All other revenue items are measurable and available only when cash is received by the Agency.

The Agency has only a single major governmental fund, the General Fund.

General Fund - The General Fund is the general operating fund of the CDA through which the CDA provides most services. Its principal sources of revenue are Community Development Block Grants received from the United States Department of Housing and Urban Development, passed through the County of Nassau, New York.

**VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
(A COMPONENT UNIT OF VILLAGE OF FREEPORT, NEW YORK)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

BUDGETS AND BUDGETARY ACCOUNTING

The Agency uses both annual and program budgets for the General Fund. The annual budget is not legally adopted budget but is used for planning and control documents by the agency.

Annual Budgets

The annual budget is proposed for the General Fund by the Executive Director) and submitted to the Board for approval. The budgets are amended during the year as additional planning information becomes available. The Executive Director, with the approval of the Board of Directors, is authorized to amend the budget allocations and total appropriations.

Programs and Program Budgets

The Community Development Block Grant Program Budget

The CDA is a member of the 34 member Nassau Urban County Consortium ("the Consortium"). The Consortium includes 3 large towns (unincorporated areas), 2 cities, and 29 large and small villages.

The mission of the Consortium is to deal with a broad cross section of urban and suburban problems, such as a shortage of affordable, decent housing and job opportunities; a growing homeless population; aging infrastructure; a growing need for support services to meet the demands of a changing population; and a need for job creation and retention, both separate and part of revitalization efforts needed in local business areas.

The Nassau County Office of Economic Development ("NCOED") is the overall administrative agent for the Federal Community Development Block Grant (CDBG) Program, HOME Investment Partnerships Program (HOME) and the Emergency Shelter Grant (ESG) Program, which are all funded through the Federal U.S. Department of Housing & Urban Development (HUD).

Since 1995, HUD has required Nassau County to consolidate the submission requirements for all Members of the Consortium for the above formula grant programs to provide coordinated neighborhood and community development strategies to revitalize communities. It also creates the opportunity for citizen participation to occur in a comprehensive context. As a member of the consortium, the CDA receives annual funding of approximately \$625,000, from the Community Development Block Grant Program ("CDBG") of the United States Department of Housing and Urban Development ("HUD") via the NCOED. Historically, the Village of Freeport had assisted the Agency with advancing salary and benefit costs.

Every year the CDA receives an application from NCOED to apply for CDBG funds. The contract fiscal year for the CDBG grant begins at the first day of September and ends on the thirty first day of August. The application is sent to the CDA between February and March of the next grant year. The Agency must complete the application and submit a three-year plan for the upcoming and following two grant years for the agency. The Agency must also include the CDBG Budget in the CDBG Application.

Activities included in the application must meet the National Objectives of the program benefiting low- and moderate-income persons (defined as below 80% of Nassau County's median income) or aiding in the prevention or elimination of slums or blight. The application must include a three-year project plan.

Upon receipt of the application, the CDA will then hold a meeting of the Board to authorize the Executive Director to apply for the grant. After authorization, a Public Hearing is called regarding the grant. Notice of Public Hearing is published, and a public hearing is held by the CDA to provide citizens with an opportunity to propose the inclusion of activities in the program year. The Public Agencies applications are reviewed by the CDA Board.

**VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
(A COMPONENT UNIT OF VILLAGE OF FREEPORT, NEW YORK)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

After approval of the Board, the grant application is sent to the Nassau County Office of Economic Development (NCOED). The NCOED reviews and recommends changes to the CDA's request of funds and sends the awarded contract back to the CDA for the Mayor's and Executive Director's signatures. After the Mayor and Executive Director sign the contract, it is sent back to NCOED for approval. NCOED will send the approval and an environmental clearance to the CDA at which point the CDA has the right to draw down the funds.

The CDA annual ("the Program Year") budget allotment does not expire at the year end. The grant contract period is for two years or until the projects included in the budget are completed. The completion of a project could take several years.

The Agency's major programs include the following:

Commercial Rehabilitation

Historically, the CDA has participated in the development of the Master Plan for the Village of Freeport's North Main Street Corridor and Station Area and has integrated its community development activities with the developing vision of this plan. The project area of the master Plan includes the entire length of North Main Street from Freeport's northern border at Roosevelt to its terminus at Sunrise Highway. In previous years, the CDA has contributed to the funding of the planning and design of the Plan .

As a major part of commercial rehabilitation, the Agency has developed and implemented its Commercial Facade Improvement and fixture replacement Program to assist in the revitalization of older target business areas of the Village. To be eligible for participation in the program the building must be located within the geographic boundaries of the Village of Freeport and located in a Community Development eligible census tract. Area and the principal use of any property must be non-residential to be eligible for inclusion in the program.

The financial assistance for the Facade Improvement generally consists of a grant covering up to 50% of actual construction costs. Funding for the remaining construction costs is to be provided by the owner, including a good faith deposit toward total project costs of 10% of the final architect's cost estimate, due when the grant agreement is signed. Under this program, a loan for the owner's share of the construction costs may also be made available to the owner from the Community Development Corporation of Long Island or other lender. The agency from time to time may develop specific loan and grant procedures and regulations as an amendment to this agreement on a project-by-project basis. Director of the FCDA will approve these amendments.

Financial assistance for the Fixture Replacement Program will consist of a grant not to exceed \$15,000 per store front, based on actual cost for purchase and installation of new fixtures. Fixtures are to include signs, sign lighting, awnings and other exterior fixtures or apparatus as approved by the FCDA. Unit costs for approved fixtures for each applicant will be determined by a competitive bid, to include installation in accordance with Davis-Bacon wage requirements. Additionally, any other items for the fixture replacement program must be pre-approved by the FCDA and bid in accordance with FCDA directions.

In the case of a building with multi fronts, a maximum of \$15,000 grant is to be provided to each store front, based on actual costs of the improvements.

The CDA may assist business applicant with technical assistance for facade improvements, or fixture replacement.

Residential Rehabilitation

The Village of Freeport Residential Rehabilitation Assistance Program has been designed to improve the quality of standard housing units within the Village.

**VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
(A COMPONENT UNIT OF VILLAGE OF FREEPORT, NEW YORK)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

The be eligibile for rehabilitation the property must be owner occupied and located within the Inc. Village of Freeport and the owner's income should be within the annual income limits for this program, which is established according to §813.106 of the U.S. Department of Housing and Urban Development (HUD) regulations.

Rehabilitation may include but is not necessarily limited to the roofing and siding improvements; replacement and/or repair of doors; Architectural barrier Removal (ABR) Handicap Ramps, incipient code violations or preventative maintenance efforts.

The funding will be a grant provided that the owner remains in the house for a period of one year from the date of completion of the work and remain in ownership for a total of five years from the date of completion of the work. However, in the event the house is sold within five years from the date of completion the amount of the loan shall be reduced by 20% for each year the homeowner shall have complied with the residency and ownership requirements. The balance of the loan shall be due and payable at the time of sale with interest of 3% per annum computed from the date of completion.

In the event the homeowner does not reside in the house for a period of one year following completion of the work, the homeowner shall be forgiven the pro rata portion of the fund borrowed from the CDA. The balance of the loan is due the CDA together with interest of 3% per annum for the remaining portion of the five (5) year ownership period.

A Chattel mortgage and UCC-1 Certificate or subordinate mortgage and mortgage note is signed by the owner in order to protect the funds provided for under the terms of the grant agreement. At the end of the five (5) year term, a mortgage satisfaction will be executed for filing with Nassau County. The filing cost of the mortgage and satisfaction is the responsibility of the homeowner.

Public Service

For over 25 years, the Community Development Block Grant program has provided a comprehensive and flexible source of funding to address local housing and community development needs. But CDBG funds, up to a maximum of 15%, may be used to provide public services (including labor, supplies, materials and other costs).

To be eligible for CDBG assistance, the *public service* must be either: a new service or increase in the level of a service in accordance with the Basic Eligibility Activities listed in the Federal Register 24 CFR Parts 570.201-570.206. Each January, the Agency sends out Notice of Funding Availability to interested parties and public service agencies. Funding is allocated on a competitive basis with applications for each funding source rated based on criteria set forth in the published request for proposals for the specific grant fund requested.

Public Facilities and Improvements

The CDA uses CDBG to support Public Facilities and Improvements projects that are integral to the quality of life for the Village of Freeport residents. The CDBG funded Public Facilities and Improvements are an important part of a community development strategy. The CDA has identified publicly-owned facilities and infrastructure such as, streets, drainage systems, and tree planting and code enforcement as the areas for providing financial assistance. Safe and accessible infrastructure is essential to quality of life and to building communities that support community diversity and stability.

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ASSETS, LIABILITIES, NET POSITION OR EQUITY AND REVENUES AND EXPENSES

Deposits and Investments

Cash includes amounts in demand deposits as well as short-term investments with original maturities of three months or less from the date acquired by the CDA.

Accounts held by an official custodian for the CDA are insured as follows: up to \$250,000 for the combined total of all time and savings deposits (including NOW accounts).

The CDA's investment policy requires the CDA to follow State statutes which allow the CDA to invest in obligations guaranteed by the U.S. Treasury or its agencies and general obligations of the State of New York and its municipalities.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. In the governmental fund financial statements, these prepaid items are recorded on the consumption basis.

Other Assets

Other assets held are recorded and accounted for at cost.

Deferred Outflows and Inflows

A deferred outflow of resources is a consumption of net position by the Agency that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position by the city that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the fund financial statements as revenues and expenditures until the period(s) to which they relate.

Under the modified accrual basis of accounting, revenues and other fund financial resources are recognized in the period in which they become both measurable and available. Assets recorded in the fund financial statements for which the revenues are not available are reported as a deferred inflow of resources. Deferred inflows of resources consist of reimbursement-based grants, as applicable in the government-wide and fund financial statements.

"Available" means collectible within the current period (year ended August 31, 2020) or within 60 days after year end and usable to pay liabilities of the current period.

In accordance with GASB Statement No. 33, the CDA accrues revenue from expenditure-driven/reimbursement type grants, such as CDBG grant, when the expenditures have been made and the revenue is available.

Deferred inflows are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

Capital Assets

Capital Assets of the Agency are provided by the Village of Freeport and are the property of the Village of Freeport.

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Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. As of August 31, 2020, the only long-term liability was net other post-employment benefits obligations.

Compensated Absences

Compensated absences consist of vacation leave and a calculated amount of sick leave earned by employees based on services already rendered. The CDA employees receive vacation time, sick leave, and other benefits. Employees of the CDA may carry over unused vacation and sick days and are entitled to payment for accumulated vacation and sick days, upon retirement or termination subject to certain limitations.

The cost of compensated absences is accrued, when incurred, in the government-wide financial statements. A liability for the current amount of compensated absences is recorded as a current liability.

The compensated absences are reported in governmental fund only if they have matured (i.e., unused reimbursable leave still outstanding following an employee's resignation or retirement).

Accrued Vacation and Sick Leave

In the event of termination or upon retirement, employees are entitled to receive accumulated but unused vacation and sick leave at various rates subject to certain maximum limitations pursuant to policies adopted by the Board of Directors.

The liability for vested or accumulated vacation or sick leave (compensated absences) is recorded as current and noncurrent obligations on the Statement of Net Position. The current portion of this liability is estimated based on historical trends. In the Statements of Revenues, Expenses and Changes in Net Position only the compensated absence liability payable from available financial resources is incurred.

Net Pension Obligation and Deferred Outflows

The CDA provides retirement benefits for substantially all its regular, full-time employees through contributions to the New York State and Local Employees' Retirement System. The system provides various plans and options, and all full-time employees are required to join the plan.

The CDA recognizes a net pension liability, which represents the CDA's proportional share of excess total pension liability over the pension plan assets, actuarially calculated, of New York Employees Retirement System, a cost-sharing multiple-employer plan, measured as of the pension plan's fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred.

Due to the delayed enrollment of a new Agency employee in the New York Local Employees Retirement System (NYSLERS or the System) in the net pension obligation and pension expense of this employee was not recorded in the New York State and Local Employees' Retirement System's Schedule of Pension Amounts by Employer, as of and for the years ended March 31, 2020 and 2019. The Agency has recorded the amounts of net pension liability, deferred inflows and outflows and pension expenses as reflected in the System's unadjusted reports and has expensed its contributions. The impact and materiality of the misstatement for this lack of update is not determined

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Other Post Retirement Benefits (OPEB) -Restatement

In addition to providing pension benefits, the Agency provides health insurance coverage and survivor benefits for employees and their survivors. All the Agency's employees may become eligible for these benefits if they reach normal retirement age while working for the Agency. Healthcare benefits and survivors' benefits are provided through an insurance company whose premiums are based on the benefits paid during the year.

In addition to providing pension benefits, the CDA provides health insurance coverage for eligible retired employees. Substantially all the CDA's employees may become eligible for these benefits provided the employee has a minimum of ten years of full time employment with the CDA, has obtained 55 years of age and has terminated employment with the CDA within five years from the date on which entitled to a retirement allowance from the New York State and Local Employees Retirement System.

In previous fiscal years, the CDA recognized the cost of providing benefits by recording its share of insurance premiums as expenditures in the year paid. The liability for these other postemployment benefits was recorded as a long-term liability in the Statement of Net Position and was estimated based on the most recent actuarial valuation in accordance with the parameters of GASB Statement No. 45.

In June 2015, Government Accounting Standards Board (GASB) issued the Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement requires the liability of employers to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The Statement requires governments to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements. This Statement is effective for fiscal years beginning after June 15, 2019. The CDA adopted and implemented this statement in the fiscal year ended August 31, 2020.

The implementation of GASB Statement 75 increased the net other post-employment (OPEB) liability by \$298,939, from \$345,820 (under GASB Statement 45) to \$644,759 (under GASB Statement 75), as of August 31, 2018. The Statement of Net Position and Statement of Changes in Net Position have been restated to reflect the implementation .

Pension, Pension Obligation and Deferred Outflows

The Agency provides retirement benefits for substantially all its regular, full-time employees through contributions to the New York State and Local Employees' Retirement System. The system provides various plans and options, and all full-time employees are required to join the plan.

The Agency's proportionate share of the net pension liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the CDA's requirement to contribute to NYSERS have been determined on the same basis as they are reported by NYSERS. Contributions made to NYSERS after the actuarial measurement date and prior to the CDA's fiscal year end are reported as deferred outflows of resources.

The adoption of GASB Statement Nos. 68 and 71 resulted in the restatement of the Agency's financial statements in 2015 to reflect the reporting of net pension liabilities and deferred inflows of resources and deferred outflows of resources for its qualified pension plan and the recognition of pension expense in accordance with the provisions of GASB Statement No. 68.

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Grants and Other Intergovernmental Revenues

The federal reimbursement type grants are recorded as intergovernmental receivables and revenues when the related expenditures are incurred. On an accrual basis, revenue in the form of shared revenue is recognized when the provider government recognizes its liability to the Agency.

In accordance with Governmental Accounting Standards Board Statement No. 72, Fair Value Measurement and Application. Fair Value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. It gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques use should maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for investments measured at fair value:

Cash and Cash Equivalents - The fair value of cash and cash equivalents, consisting primarily of deposits and government money market funds, is classified as Level 1.

Treasury notes and bonds- Valued at the closing price reported on the active market on which the individual securities are listed, valued at Level 1.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the CDA believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Recent Accounting Pronouncements

The following are discussions of the standards requiring implementation in the current year and standards that may impact the Agency in future years.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities* ("GASB 84"). The objective of GASB 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of GASB 84 are effective for fiscal years beginning

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after December 15, 2019. The Agency adopted this pronouncement in the current year. The adoption of GASB 84 did not have an impact on the Agency's financial statements, as the Agency does not enter into fiduciary activities.

In June 2017, GASB issued Statement No. 87, *Leases* ("GASB 87"). The objective of GASB 87 is to improve accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are a financing of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor is required to recognize a lease receivable and a deferred inflows of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of GASB 87 are effective for fiscal years beginning after June 15, 2021. The Agency has not completed the process of evaluating GASB 87, but it does not expect it to have a significant impact on its financial statements

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests* ("GASB 90"). GASB 90 clarifies the accounting and financial reporting requirements for a state and local government's majority equity interest in an organization that remains legally separate after acquisition. The requirements of GASB 90 are effective for fiscal years beginning after December 15, 2019. The Agency adopted this pronouncement in the current year. The adoption of GASB 90 did not have an impact on the Agency's financial statements, as the Agency has not made such acquisitions.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020* ("GASB 92"). GASB 92 enhances the comparability in accounting and financial reporting as well as improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements for GASB 92 are effective for reporting periods beginning after June 15, 2021. The Agency has not completed the process of evaluating GASB 92, but it does not expect it to have an impact on the Agency's financial statements.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates* ("GASB 93"). GASB 93 addressed accounting and financial reporting implications that result from the replacement of an interbank offered rate ("IBOR") – most notably, the London Interbank Offered Rate ("LIBOR") resulting from global reference rate reform. LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of GASB 93 are effective for reporting periods beginning after June 15, 2021. The Agency has not completed the process of evaluating GASB 92, but it does not expect it to have an impact on the Agency's financial statements.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* ("GASB 94"). GASB 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements ("PPPs"). The requirements for GASB 94 are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The Agency has not completed the process of evaluating GASB 94, but it does not expect GASB 94 to have an impact on the Agency's financial statements as it does not enter into PPPs.

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* ("GASB 95"). GASB 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

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In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (“GASB 96”). GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (“SBITAs”) for government end users (governments). The requirements GASB 96 are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The Agency has not completed the process of evaluating GASB 96 but does not expect it to have an impact on the Agency’s financial statements as it does not enter into SBITAs.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* (“GASB 97”). The objectives of GASB 97 are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The Agency has not completed the process of evaluating GASB 97 but does not expect it to have an impact on the Agency’s financial statements.

Risk Management

The Agency is potentially exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; general liability; workers’ compensation and unemployment claims. The Agency had no outstanding claims or judgments against it during the fiscal year.

NOTE 2. CASH AND CASH EQUIVALENTS

On August 31, 2020, carrying values of cash and cash equivalents was \$135,140 in five bank accounts. The amounts on deposit were fully insured by the Federal Deposit Insurance Corporation.

Interest rate risk. It is the risk that changes in market interest rates will adversely affect the fair value of the investment. Generally, the fair values of investments with longer maturities are more sensitive to changes in market interest rates. In accordance with its cash management and investment policy, the Agency manages its exposure to declines in fair values by investing its excess cash in money market accounts or certificate of deposits with maturity of less than one year.

Custodial and credit risk. The Agency’s bank balances of deposits were either entirely insured by the Federal Deposit Insurance Corporation up to \$250,000 or collateralized with securities pledged in third party custodial accounts of the pledging financial institutions in the CDA's name.

NOTE 3. AMOUNTS DUE TO AND FROM VILLAGE OF FREEPORT

On August 31, 2020, the balance of the amount due to the Village of Freeport was \$312,428. Of the total amount owed to the Village, \$265,954 was for the Public Facilities Improvement expenditures that the Village of Freeport has made and are reimbursable from the CDA’s Community Development Block Grant Funds. The balance, according to the standing agreement between the Village and the CDA, is for certain reimbursable payments that the Village of Freeport has incurred on behalf of the CDA.

In 2013, the CDA relocated its offices from the Village headquarters to the second floor of a building, located at 11 Richmond Street, Freeport, which belongs to the Village. Commencing March 1, 2020, the Village of Freeport has agreed to provide the CDA’s offices free of charge, ,.

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NOTE 4. PENSION PLANS AND POST RETIREMENT BENEFITS

The CDA participates in the New York State New York State and Local Retirement System (the NYSLERS). This is cost-sharing multiple-employer defined benefit retirement systems. The net position of the System is held in the New York State Common Retirement Fund, which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System.

The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November 2014, he was elected for a new term commencing January 1, 2015. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Housing Authority also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance.

The System is included in the State's financial report as a pension trust fund. The System's report can be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244 or by logging in the following website:

<https://www.osc.state.ny.us/retirement/resources/financial-statements-and-supplementary-information>

Benefits Provided. The System provides retirement benefits as well as death and disability benefits.

Eligibility and Benefits

The employees enrolled in the System are classified into tiers, based on the period of their enrollment time. The employees' eligibility, contributions and benefits depend on their respective tier. The employee tiers are as follows:

	Tier	Enrollment Period	
	Tier 1	Before July 1, 1973	
	Tier 2	July 1, 1973 to July 27, 1976	
The Agency does not was hired before April 1, employee was hired belongs to the Tier 6.	Tier 3	July 27, 1976 to September 1, 1983	have any employee who 2012 and the current after that date and
	Tier 4	September 1, 1983 to January 1, 2010	
	Tier 5	January 1, 2010 to April 1, 2012	
	Tier 6	April 1, 2012 and after	

Tier 6. Eligibility: Tier 6 members, except for those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits. Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

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Ordinary Disability Benefits. Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service.

Accidental Disability Benefits. For all eligible Tier 1 and Tier 2 ERS and PFRS members, the accidental disability benefit is a pension of 75 percent of final average salary, with an offset for any Workers' compensation benefits received. The benefit for eligible Tier 3, 4, 5 and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

Ordinary Death Benefits. Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

Post-Retirement Benefit Increases. A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor but cannot be less than 1 percent or exceed 3 percent.

Contributions The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3 percent and 6 percent of their salary for their entire length of service.

Employer Contributions

Participating employers are required under the RSSL to contribute to the System at an actuarially determined rate adopted annually by the Comptroller. The average contribution rate for Employee Retirement System (ERS) for the fiscal year ended March 31, 2020 was approximately 14.9% of covered employee payroll. Delinquent annual bills for employer contributions accrue interest at the actuarial interest rate applicable during the year. For the fiscal year ended March 31, 2020, the applicable interest rate was 7 percent.

March 31. Contributions for the current year and for the two preceding years were equal to 100 percent of the contributions required, and were as follows:

<u>Year Ended</u>	<u>Amount</u>
August 31, 2020	\$ 4,323
August 31, 2019	4,322
August 31, 2018	4,322

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The NYSLERS annually reports the deferred outflows and inflows of resources, net pension liability and annual pension costs of the CDA on the Schedules of Employers Allocation and Schedules of Pension Amounts by Employers. The latest report issued by the System was on March 31, 2020.

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Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* requires a State or Local Government employer to recognize a net pension liability measured as of a date (measurement date) no earlier than the end of the employer’s prior fiscal year, consistently applied from period to period. Since the CDA did not report a new employee who had joined the System Prior to March 31, 2020, the Schedules of Employers Allocation and Schedules of Pension Amounts by Employers, as of March 31, 2020, were not updated for the newly joined employee, and therefore, the financial statements does not meet the requirements of Governmental Accounting Standards Board Statement No. 68. The amount by which this departure would affect the deferred outflows, deferred inflows, liabilities, net position, and expenses of the Governmental Activities has not been determined.

On August 31, 2020, the Agency’s reported a liability of \$0 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Agency’s proportion of the net pension liability was based on a projection of the CDA’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

For the year ended August 31, 2020 and 2019, the CDA recognized credits of \$5,029 and \$9,404, respectively, towards its pension expense. On August 31, 2020, the CDA reported deferred outflows of resources related to pensions from the following sources:

The amount reported as deferred inflows of resources related to pensions will be recognized as credit to pension expense as follows:

<u>Year Ending</u>	<u>Amount</u>
8/31/2021	\$ 998

Actuarial Assumptions.

The total pension liability on March 31, 2020 was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2019, measurement date, respectively.

Actuarial cost method	Aggregate cost
Investment rate of return, including inflation	6.8% (2019),7.0% (2018) compounded annually, net of investment
Salary Scale	2.5% indexed by service
Decrement tables	Developed from the Plan’s 2015 experience study of the period April 1, 2010 through March 31, 2015
Inflation	2.50%
Cost of living adjustment	1.3% annually
Mortality improvement	Society of Actuaries Scale MP-2018 (2019) MP-2014 (2018)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of April 1, 2016, for the year ended August 31, 2020, are summarized as follows:

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Asset Class	<u>August 31, 2020</u>	
	<u>Target Allocation</u>	<u>Long-term Expected Real Rate</u>
Domestic equity	36%	4.05%
International equity	14%	6.15%
Private equity	10%	6.75%
Real estate	10%	4.95%
Absolute return strategies	2%	3.25%
Opportunistic portfolio	3%	4.65%
Real assets	3%	5.95%
Bonds and mortgages	17%	0.75%
Cash	1%	-%
Inflation-indexed bonds	4%	0.50%
	<u>100 %</u>	

Discount-Rate. The discount rate used to calculate the total pension liability was 6.8% as of March 31, 2020. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at the statutorily required rates, actuarially. Based upon the assumptions, the State Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension liability to the discount rate assumption

The following presents the Agency's proportionate share of the net pension liability calculated using the discount rate of 6.8%, as well as what the CDA's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (5.8%) or one-percentage point higher (7.8%) than the current rate:

	Discount Rate		
	1% Decrease 5.8%	Current Discount 6.8 %	1% increase 7.8%
Employer's proportionate share of the net pension liability	\$ -	\$ -	\$ -

Collective Net Position Liability of Participating Employers and Actuarial Information

The components of the net pension liability of the employers as of March 31, 2019 and 2016 were:

(In Thousands)	<u>2020</u>
Employers' total pension liability	\$194,596,261
Plan net position	(168,115,692)
Employers' net pension liability	<u>\$ 26,480,579</u>
Fiduciary net position, as a percentage of total pension liability	86.4%

**VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
(A COMPONENT UNIT OF VILLAGE OF FREEPORT, NEW YORK)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

NOTE 5. OTHER POST EMPLOYMENT BENEFITS (OPEB)

The New York State Department of Civil Service (DCS) administers the New York State Health Insurance Program (NYSHIP) which provides health insurance to current and retired employees of New York State, participating public authorities, and local governments. As administrator of NYSHIP, DCS performs all relevant administrative tasks. Annual benefit premiums charged to and paid by participants are generally the same, regardless of each individual employer’s risk profile. The annual benefit premiums collected by DCS are remitted to the health insurance carrier for participants in the Empire Plan.

NYSHIP, as the name implies, is a program and does not exist as a separate entity or fund; therefore, it does not satisfy the requirements to be classified as a trust or trust equivalent as defined in paragraph 4 of Governmental Accounting Standards Board Statement No. 43 and paragraph 3 of Governmental Accounting Standards Board Statement No. 74.

Postemployment health insurance coverage is afforded under single employer defined benefit plan to the retired employees and their dependents in accordance with the provisions of a resolution adopted by the Agency’s Board of Directors. These benefits continue for the lifetime of the retiree.

The summary of the retiree medical benefits and life insurance used in the valuation were as follows:

Eligibility

All full-time employees are eligible enrollees, and they are provided with postretirement medical insurance coverage, limited to the health insurance programs.

Contribution

The CDA’s retirees’ medical/drug and dental insurance plans are fully insured. Employees are eligible for these benefits once they have reached the age of 55 and have 5 years of consecutive and qualified employment. The Agency has agreed to pay the full cost of coverage for such retirees as well as the retiree’s spouse and unmarried children. Survivors are covered at full cost.

Plans: NYSHIP pre-65. Medicare Supplement post-65.

Medicare Part B - Reimbursement of the Part B premium for employee and or spouse.

Participant Count and Average age

The number of participants as of March 1, 2019 and March 1, 2014, and the effective dates of the annual OPEB valuation, were as follows:

	<u>March 1, 2019</u>	<u>September 1, 2019</u>
	<u>Number</u>	<u>Number</u>
Active	1	1
Retirees	4	4
Total	5	5

**VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
(A COMPONENT UNIT OF VILLAGE OF FREEPORT, NEW YORK)
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YEAR ENDED AUGUST 31, 2020**

Actuarial Methodology

Valuation and Measurement Dates

Fiscal year September 1, 2019 to August 31, 2020 is the third year under Governmental Accounting Standards Board Statement No. 75 reporting for the Agency. As such, deferred inflows and outflows are calculated along with the amortization of those inflows/outflows.

The last full valuation was fiscal year March 1, 2017 to February 28, 2018, which was the first full year of reporting by the Agency under GASB 75. In 2018 the Agency changed its fiscal year. Consequently, the second reporting period under Governmental Accounting Standards Board Statement No. 75 was extended from March 1, 2018 to August 31, 2019, which is an 18-month fiscal period. The current valuation was done for fiscal year September 1, 2019 to August 31, 2020. Consequently, the current valuation date is September 1, 2019 and the measurement date is August 31, 2020.

Assets and Expected Return on Assets. The Plan is unfunded. Assets and expected returns are zero.

Discount Rate. The selected discount rate of 2.26% is based on the prescribed discount interest rate methodology under Governmental Accounting Standards Board Statements No. 74/75 using an average of three 20-year bond indices (e.g., Bond Buyer-20 Bond GO - 2.22%, S&P Municipal Bond 20 Year High Grade Rate Index – 2.14%, and Fidelity GA AA 20 Years - 2.41%) as of September 30, 2019 which is closed quarterly rates for the Agency. Prior discount rate used in March 1,2018 to August 31, report was 3.00%.

Information for Valuation. All information was provided by the Agency.

Retirement Benefits. Coverage for pre-65 and post-65 retirement benefits. This valuation is provided to a single employer plan.

Covered Benefits. Medical coverage, including prescription drugs as part of the medical plan, is offered to pre-65 and post-65 retirees on a fully insured basis through the New York State Health Insurance Program (NYSHIP also known as the Empire Plan). Dental, vision and life insurance coverage are not subsidized in retirement (solely as actives) and therefore not included in the valuation. Reimbursements are provided for Medicare Part B.

Insurance Coverage and Funding Basis. Medical, including prescription drugs, is fully insured through NYSHIP. The Coverage is the same as the previous valuation. Health insurance benefits are provided on a fully insured basis through NYSHIP plan. The Plan is considered a self-insurance plan for the administration of fees Patient Protection and Affordable Care Act (PPACA).

Actuarial Cost Method. Entry Age Normal as a Level Percentage of Payroll

Healthcare Cost Trend Assumptions. The following assumptions are used for annual healthcare cost inflation (trend):

	<u>Year</u>	<u>Pre 65</u>	<u>Post 65</u>
Year one trend	January 1,2021	7.00%	7.00%
Ultimate trend	January 1, 2031 & later	4.50%	4.50%
Grading per year		0.25%	0.25%

Starting Claim Cost. Base plan costs for medical are based on premium rates for plan year January 1, 2019 to December 31, 2019 and plan year. January 1, 2020 to December 31, 2020. Both plan years were reflected in the valuation since premium rates are known. Medical insured monthly premiums for pre-65 and post-65 retirees for the New York State Health Insurance Program are illustrated on page 15 of the report.

**VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
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1. Pre-65 and post-65 retiree premium rates are based on the Empire Plan (NYSHIP) premium rates for the effective dates indicated above and are based on 100% before retiree contributions. These premium rates are assumed to include all administrative costs and PPACA fees required at this time.
2. The Agency reimburses Medicare eligible retirees and dependents the standard premium for Medicare Part B but is assumed not to reimburse the income adjusted excess premium (e.g., IRMAA).

Plan costs for January 1, 2020 and beyond are trended forward using the trend rates illustrated under the "Health Care Cost Trend Assumptions" section above.

Projected Benefit Costs. While the plans within the NYSHIP plan are assumed to be community rated, Actuarial Standards of Practice No. 6 requires age adjusted costs be measured by estimating the expected costs by age whether a pooling or community rating applies. The current enrollment for the Agency reflects less than 1% of the total cover lives under the NYSHIP plan. The current valuation reflects an aging assumption consistent with the prior valuation.

Medicare Part B Reimbursement Valuation. reflects the reimbursement of Medicare Part B premium to retirees, spouses, and surviving spouses over age 65 that are eligible for the benefit. Employee will pay Medicare Part B premium and be reimbursed by the Agency. The Agency does not reimburse for the Income Related Monthly Adjustment Amount (IRMAA) amount. The prior valuation assumed that IRMAA was not reimbursed by the Authority.

Medicare Part D Reimbursement. The Agency does not reimburse Medicare Part D premiums to retirees.

Implicit Subsidy. This reflects the difference between the premium rate or cost charged to a retiree for a particular benefit as compared to the estimated rate of cost to the retiree, if those benefits were calculated reflecting retirees as a separate group (rather than their costs bundled with the active population). The results in this valuation reflect an implicit subsidy in the cost projections.

Plan Design Changes. Valuation assumes no changes in future designs (e.g., deductibles, coinsurance, etc.) from current benefits offered for the current plan year. It is assumed that the current level of benefits will remain, with no modifications to avoid the potential excise tax imposed by the Patient Protection and Affordable Care Act (PPACA).

Percentage of Future Retirees Opted Out. It is assumed that 100% participation for those covered as actives. All eligible active and retired employee records provided by the Agency were valued. This assumption is used since benefits are non-contributory so employees do not pay for coverage.

Census Data. Participant data was provided by the Agency in October 2020.

Payroll Information. Payroll information was reflected in the valuation for the actuarial cost method. Benefit and retiree contribution rates are not based on payroll, so this information was not necessary for benefit or contribution rate calculations. Average salary increase used for the Entry Age Normal (EAN) actuarial cost method is assumed to be 3.0%. Payroll compensation is illustrated on page 1 of the report and reflects annual salary information as reported for each active employee.

Retirement System. Valuation is based on the most recent New York State Employees' Retirement System (ERS), the New York State Police and Fire Retirement System (PFRS), and the New York State Teachers' Retirement System

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(TRS). ERS, PFRS, and TRS tables are based on version released in 2015. All participants are assumed to be in the ERS system.

Retirement Eligibility Assumptions. Eligibility for early retirement is based on meeting a criterion of minimum age and/or years of service (YOS) requirements for ERS. Organization is not aware of retirement formula, so we assumed the minimum retirement age is fifty-five and minimum years of service is five years of service, consistent with the retiree benefits for pensions.

Retiree Contribution Rates. Individuals eligible for retiree benefits will have 0% contribution rates (i.e., plan is non-contributory).

Mortality. Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables based on Employee and Healthy Annuitant Tables for both pre and post retirement projected with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2019.

Turnover Assumption. This reflects rate of separation from the active plan and excludes retirement and disability. Turnover tables vary by age, gender, and years of service with rates of turnover based on the ERS, PFRS and TRS. All participants are assumed to be in ERS.

Disability Assumptions. This reflects disability assumptions from the active plan and is based on age and gender. This is the assumption used for the ERS, PFRS and TRS. All participants are assumed to be in ERS.

Retirement Assumptions. This reflects rate of retirement from the active plan and is based on age, gender, and years of service. This is the assumption used for the ERS, PFRS and TRS. All participants are assumed to be in ERS.

Surviving Spouses. Surviving spouses received subsidized benefits like the employee. The current valuation reflects one surviving spouse that is receiving subsidized benefits.

Valuation of Spouses and Marital Status. Spouses are valued for benefits like retired employees. Employees with spouses are assumed to be married to those spouses at and throughout retirement. Employees that are without spouses (or not covering a spouse) are assumed to be single at and throughout retirement. Based on the contribution rates for future retirees, it is assumed that active employees with dependent coverage will elect dependent coverage in retirement 100% of the time.

It is assumed that female spouses are three years younger than male employees and male spouses are three years older than female employees unless actual spouse date of birth information was provided. Spousal dates of birth were provided and reflected when available.

Waiver and Excluded Population. All employees are enrolled in medical, so no individuals are opting out or waiving health insurance coverage. All reported employees were reflected in the valuation.

Deceased Employee. One retiree died during fiscal year ended August 31,2020 and was excluded from valuation.

Vested or Leave of Absence. No employees are listed as vested termination or leave of absence.

COBRA Participants. No employees are listed as COBRA participants or non-vested terminated.

Medicare Tax Subsidy. The Medicare tax subsidy is not reflected in valuation. There is no offset in premium rates charged to employer and post-65 costs are illustrated gross of subsidy.

**VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
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NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

COVID 19 Pandemic- No special adjustments or considerations were made to valuation results due to the COVID-19 pandemic. Since the Agency is not funding this benefit in a separate OPEB trust, no special considerations were made for the impact on assets. Similarly, no special adjustments were made to the OPEB liability calculations. The impact of COVID-19 will be reviewed in future years including the potential impact on selected assumptions (e.g., mortality, morbidity, etc.).

Patient Protection and Affordable Care Act (PPACA). High-Cost Plan Excise Tax (the Cadillac Tax) was repealed as part of the 2020 Further Consolidated Appropriations Act, which was signed in December 2019. The effect of repealing this tax reduced liabilities by 0.9%.

Funding Policy

The Agency currently pays for postemployment health care benefits on a pay-as-you-go basis.

Total OPEB Liability

The following table presents the balances and changes of the total OPEB Liability during the fiscal year ended August 31, 2020:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Beginning balance of March 1, 2019	\$ 576,029	\$ -	\$ 576,029
Changes Recognized for Fiscal Year:			
Service Cost	50,683	-	50,683
Interest on Total OPEB Liability	12,788	-	12,788
Change in Benefit Terms	-	-	-
Change in Expected to Actual	-	-	-
Changes in Assumptions	(165,741)	-	(165,741)
Benefit Payments	(20,348)	(20,348)	-
Contributions from Employer	-	20,348	(20,348)
Contributions from Employees	-	-	-
Net Investment Income	-	-	-
Administrative Expenses	-	-	-
Net Changes	<u>(122,618)</u>	<u>-</u>	<u>(122,618)</u>
Ending balance, August 31, 2020	<u>\$ 453,411</u>	<u>\$ -</u>	<u>\$ 453,411</u>
Discount rate	2.26%		
Plan's fiduciary net position as a percentage of total OPEB liability	00.00%		
Covered payroll	\$ 65,000		
Total OPEB liability as a % of covered payroll	697.56%		

Sensitivity of the Total OPEB Liability to the Change in the Discount Rate

The discount rate assumption can have an impact on the net OPEB liability. The following table presents the effect

**VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
(A COMPONENT UNIT OF VILLAGE OF FREEPORT, NEW YORK)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

of a 1% change in the discount rate assumption would have on the net OPEB liability:

	Discount Rate Less 1% 1.26%	Current valuation Discount Rate 2.26%	Discount Rate Plus 1% 3.26%
Total OPEB liability, August 31, 2020	\$ 513,541	\$ 453,411	\$ 403,571
Ratio to Current Valuation Assumption	113.26%	100.00%	89.01%

Sensitivity of the Total OPEB Liability to the Change in the Healthcare Cost Trend Rate.

Additionally, healthcare costs can be subject to considerable volatility over time. The following table presents the effect on the net OPEB liability of a 1% change in the initial (7.0%)/ ultimate (3.78%) healthcare cost trend rates.

	Discount Rate Less 1% 7%	Current valuation Discount Rate 8%	Discount Rate Plus 1% 9%
Total OPEB liability, August 31, 2020	\$396,349	\$453,411	\$523,122
Ratio to Current valuation Assumption	87.42%	100.00%	115.37%

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended August 31, 2020, the Agency recognized an annual OPEB expense of \$ 24,346.

	Amount
Service Cost with Interest	\$ 50,683
Plus: Interest Cost	12,788
Less: Amortization of deferred inflows	(66,296)
Pension expense	\$ (2,825)

On August 31, 2020, the deferred inflows from changes in assumptions was \$165,741. The deferred inflows are amortized over 2.5 years, the average expected future working lifetime. The amortization of deferred inflows, included in OPEB expense, was \$66,396, in the year ended May 31, 2020. The amortization of remaining deferred inflows are as follows:

	Amount
Amortization, year ending August 31, 2021	\$ 66,396
Amortization, year ending August 31, 2022	33,049
Total deferred inflows, August 31, 2020	\$ 99,445

NOTE 6. CONTINGENCIES AND CONCENTRATION OF RISK

The CDA receives financial assistance from the United States Department of Housing and Urban Development (HUD). The HUD Community Development Block Grant funds pass through the County of Nassau Department of Community Development. These grant funds are subject to audit by HUD.

**VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
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The Agency also receives assistance in the form of operating facilities and advances for reimbursable expenses from the Village of Freeport.

The agency is funded 100% by these two sources and material change in these funds may seriously affect its continued operations.

NOTE 9. DEFICIT FUND BALANCE

The Agency had an unassigned fund balance deficit of \$148,585 and net position deficit of \$702,339, on August 31, 2020. The CDA plans to finance the deficit by obtaining additional grants and other revenues and making payments and other arrangements with the Village of Freeport.

NOTE 10. COVID 19 PANDEMIC

As the spread of the pandemic increases, entities are experiencing conditions often associated with a general economic downturn, including, but not limited to, financial market volatility and erosion of market value, deteriorating credit, liquidity concerns, further increases in government intervention, increasing unemployment, broad declines in consumer discretionary spending, increasing inventory levels, reductions in production because of decreased demand and supply constraints, layoffs and furloughs, and other restructuring activities. The continuation of these circumstances could have a prolonged negative impact on the Agency's financial condition and results.

NOTE 11. SUBSEQUENT EVENTS

The Freeport Community Development Agency has evaluated subsequent events through November 6, 2021, the date that the financial statements were issued, and is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

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SUPPLEMENTARY INFORMATION



**VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
(A COMPONENT UNIT OF VILLAGE OF FREEPORT, NEW YORK)
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
FISCAL YEAR ENDED AUGUST 31, 2020**

	2020
Total OPEB liability	
Service cost	\$ 50,683
Interest on Total OPEB Liability	12,788
Benefit payment	(20,348)
Changes of assumptions	(165,741)
Net change in total OPEB liability	(122,618)
Total OPEB liability - beginning	576,029
Total OPEB liability - ending	\$ 453,411
Plan Fiduciary Net Position	
Plan's fiduciary net position as a percentage of total OPEB liability	0.00%
Covered payroll	65,000
Total OPEB liability as a % of covered payroll	697.56%

This schedule is intended to show information for 10 years, additional years' information will be displayed as it becomes available.

See accompanying auditors' report.

**VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
(A COMPONENT UNIT OF VILLAGE OF FREEPORT, NEW YORK)
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST THREE FISCAL YEARS**

	August 31, 2020	August 31, 2019
Measurement date	March 31, 2020	March 31, 2019
The Agency's 'Proportion share of net pension liability (asset)	0%	0%
The Agency's Proportionate share of net pension liability (asset)	\$0	\$0
The Agency's covered-employee payroll	\$ 65,000	\$65,000
The Agency's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0%	0%
Plan fiduciary net position as a percentage of the total pension liability	86.4%	96.3%

This schedule is intended to show information for 10 years. Additional years information will be displayed as they become available.

See accompanying auditors' report.

**VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
(A COMPONENT UNIT OF VILLAGE OF FREEPORT, NEW YORK)
SCHEDULE OF CONTRIBUTIONS TO NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM
LAST NINE FISCAL YEARS**

Year Ended May 31,	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$4,322	\$4,322	\$4,322	\$2,523	\$ -	\$5,245	\$30,546	\$29,893	\$28,251
Contributions in relation to required contribution	\$4,322	\$4,322	\$4,322	\$2,523	\$ -	\$5,245	\$30,546	\$29,893	\$28,251
Contribution excess (deficiency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 65,000	\$65,000	\$ 72,406	\$66,459	\$37,685	\$46,036	\$118,550	\$207,920	\$217,099
Contributions as percentage of covered payroll	6.65%	6.65%	5.97%	3.80%	0.0%	11.39%	25.77%	14.38%	13.01%

See accompanying auditors' report.

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COMPLIANCE SECTION



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Hon. Robert T. Kennedy, Chairman
and the Members of the Board of Directors
Village of Freeport Community Development Agency
Freeport, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of the Village of Freeport Community Development Agency, New York, a component unit of the Village of Freeport, New York, as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise Village of Freeport Community Development Agency's basic financial statements, and have issued our report thereon dated November xx 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Freeport Community Development Agency's internal control over financial reporting (internal control) as a basis of designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Freeport Community Development Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of Village of

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2020-001 that we consider to be significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Freeport Community Development Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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The Village of Freeport Community Development Agency, New York's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Village of Freeport Community Development Agency, New York's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion in it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

November 6, 2021
Astoria, New York

**INDEPENDENT AUDITORS REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFOR GUIDANCE**

Independent Auditors' Report

The Honorable Mayor and Board of Directors
of Village of Freeport Community Development Agency, New York

Report on Compliance for Each Major Federal Program

We have audited the Village of Freeport Community Development Agency, New York's ("the Agency"), a component unit of Village of Freeport, New York, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Agency's major federal program for the year ended August 31, 2020. The Agency's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Agency's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Agency's compliance.

Opinion on Each Major Federal Program

In our opinion, the Village of Freeport Community Development Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended August 31, 2020.

Report on Internal Control Over Compliance

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Tabriztchi & Co., CPA, P.C.
Astoria, New York
November 6, 2021

**VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
(A COMPONENT UNIT OF INCORPORATED VILLAGE OF FREEPORT, NEW YORK)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2020**

	<u>Federal</u>	<u>Pass-Through</u>	
	CFDA	Entity	Total
	Number (1)	Identifying	Federal
	<u>Number (1)</u>	<u>Number</u>	<u>Expenditures</u>
Federal Grantor/Pass-Through Grantor			
Program or Cluster Title			
U.S. Department of Housing and Urban Development			
Passed through Nassau County Office of Community Development		CQHI10000045	
Community Development Block Grants/Entitlement Grants	14.218		<u>\$803,376</u>
Total Expenditures of Federal Awards			<u><u>\$803,876</u></u>

(1) Catalog of Federal Domestic Assistance number

The accompanying notes are an integral part of this schedule.

**VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
(A COMPONENT UNIT OF INCORPORATED VILLAGE OF FREEPORT, NEW YORK)
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2020**

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal award activity of the Village of Freeport Community Development Agency ("the Agency"), New York, under the Community Development Block Grant (CDBG) Program, for the year ended August 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Agency, it is not intended to and does not present the financial position, changes in net position or cash flows of the Agency.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

The Agency has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance

**VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY, NEW YORK
(A COMPONENT UNIT OF INCORPORATED VILLAGE OF FREEPORT, NEW YORK)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED AUGUST 31, 2020**

Section I - Summary of Auditors' Results

	Modified			
Financial Statements				
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP	<u>X</u>	Yes	___	No
Internal control over financial reporting:				
• Material weakness(es) identified?	___	Yes	<u>X</u>	No
• Significant deficiency(is) identified?	<u>X</u>	Yes	___	No
There is a deficiency relating to the basic financial statements reported in the Independent Auditors Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> ". The deficiency is considered to be a significant deficiency.				
Noncompliance material to financial statements noted?	___	Yes	<u>X</u>	No
Federal Awards				
Internal control over major federal programs:				
• Material weakness(es) identified?	___	Yes	<u>X</u>	No
• Significant deficiency(is) identified?	___	Yes	<u>X</u>	No
Type of auditors' report issued on compliance for major federal programs			Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___	Yes	<u>X</u>	No
Identification of major federal programs:				
<u>CFDA number</u>				<u>Name of Federal Program or Cluster</u>
14.218				Community Development Block Grant
Dollar threshold used to distinguish between Type A and Type B programs				<u>\$750,000</u>
Auditee qualified as low-risk auditee?	___	Yes	<u>X</u>	No

Section II – Financial Statement Findings

Controls Over Pension Census Data

Condition. The delayed reporting of a new employee data to the New York State and Local Employees' Retirement System resulted in omission of the employee information from the System's Schedules of Pension Amounts by Employer, for the years ended March 31, 2019 and 2020.

Criteria. Governmental Accounting Standards Board Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability and to measure the annual costs of pension benefits. Controls must be in place to ensure that the New York State and Local Employees' Retirement System receives accurate census data in order to properly calculate the total pension liability, deferred outflow, deferred inflows and expenses of the pension plan.

Cause. The Freeport Community Development Agency's employee turnover resulted in the delayed communication with the New York State and Local employees Retirement System.

Effect. The financial statements do not meet the requirements of Governmental Accounting standards Board Statement No. 68. The amount by which this departure would affect the deferred outflows, deferred inflows, net pension liabilities, net position, and expenses of the Governmental Activities has not been determined.

Response and Action Plan. The CDA has reported the required employee information for New York State and Local Employees Retirement System fiscal years ended March 31, 2019, 2020 and 2021. The CDA has set up procedures to prevent any delayed employee census reporting.

Section HI - Federal Award Findings and Questioned Costs

None.

Summary Schedule of Prior Audit Findings

None.